



# County of Los Angeles

## CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

April 22, 2003

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To: Supervisor Yvonne Braithwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

### STATE LEGISLATIVE UPDATE

#### Update on Child Support Payments

Today, the Assembly and Senate passed **SB 1070 (Chesbro)** on a vote of 75-1 and 28-8, respectively, and now proceeds to the Governor. Included in this urgency appropriations and deficiency bill is an augmentation of \$98.5 million for the State Department of Child Support Services to pay the Federal automation penalty. The State's failure to make a timely payment would reduce the Department's Federal funding by the amount of the penalty. Further, without this bill, the April administrative payment for the County's Department of Child Support Services would be withheld.

#### Pursuit of County Position on Legislation

**SB 457 (McPherson)**, as introduced on February 20, 2003, relates to workers' compensation law and would require an employer to voluntarily rectify the delay or refusal to pay a workers' compensation payment within 20 days or face a 25% penalty. The bill would also establish a one year statute of limitations from the date of delay or refusal for a penalty claim to be filed.

Existing law (Labor Code Section 5814) provides for a 10% penalty for unreasonable delay or refusal to pay workers' compensation. This 10% penalty currently applies to all past, present and future payments despite the fact that past payments have been made on time. For example, the unreasonable delay of a single medical payment of \$100 can result in a penalty of tens of thousands of dollars because it is applied to the total

amount of past, present and future payments. The author has indicated that the intent of SB 457 is to provide for a more equitable penalty provision to address a delayed payment or refusal to pay compensation, and is willing to amend the bill to indicate clearly that the 25% penalty applies only to the payment that was actually unreasonably delayed or refused, rather than on all past, present and future payments as is currently the case.

CAO Risk Management indicates that if SB 457 were amended as suggested by the author, the bill would be extremely helpful in controlling penalty costs. Potential savings could approach \$2 million annually. **Therefore, our Sacramento advocates will support SB 457, if amended, to indicate clearly that the 25% penalty applies only to the payment that was actually or unreasonably delayed or refused, rather than on all past, present and future payments.** This position is consistent with Board policy to support reforms to workers' compensation and disability retirement which would ensure an efficient, equitable and cost-effective system. SB 457 has been referred to the Senate Committee on Labor and Industrial Relations, with a hearing date set for April 23, 2003. There is currently no registered support or opposition.

#### **Status of County Interest Legislation**

**AB 340 (Frommer)**, which would require the County to train and arm all Deputy Probation Officers who are required to participate in a duty related hazardous activity, has been set for hearing in the Assembly Public Safety Committee on April 29, 2003.

We will continue to keep you advised.

DEJ:GK  
MAL:JF:DD:ib

c:     Executive Officer, Board of Supervisors  
        County Counsel  
        Local 660  
        All Department Heads  
        Legislative Strategist  
        Coalition of County Unions  
        California Contract Cities Association  
        Independent Cities Association  
        League of California Cities  
        City Managers Associations  
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